GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:3622
ANSWERED ON:17.04.2000
RESTRUCTURING OF SEBS
A. VENKATESH NAIK

Will the Minister of POWER be pleased to state:

(a) : whether the Federation of Indian Chambers ofCommerce and Industry has suggested a three-pronged strategy for restructuring of State Electricity Boards;

(b) : if so, the details thereof; and

(c) : the steps being taken by the Government to make State Electricity Boards profitable?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : The special group on Power Sector Reform for PrimeMinister`s council on Trade and Industry headed by Shri G.P. Goenka, President, Federation of Indian Chambers of Commerceand Industry (FICCI),made following recommendations, among other things, about the restructuring of the State Electricity Boards:

- Break up monolithic State ElectricityBoards into four corporations to look after thermal generation, hydel generation, transmission and distribution.

- Privatise distribution through management contracts, joint ventures, or full fledged licenses. This should be done through competitive bidding with transparent criteria.

- Privatise transmission, either completely or partially through joint ventures with not more than 26% government equity.

- Recognize that reforms must begin with transmission and distribution, especially distribution, not with generation.

- For agriculture, increase tariff over a pre-announced three year period to Rs.0.50, Rs.0.75 and Rs.1.10 per unit.

- Take subsidization away from State ElectricityBoards and move it to State budgets. Target subsidies only at the poor, subject to a threshold monthly consumption of electricity.

(c) : Government of India has taken a proactive role in reforming State Electricity Boards so that they function on commercial lines. Power Ministers Conference held on26.2.2000 resolved that reform must be undertaken with determination, vigor and a sense of urgency. The key elements of the Reforms Strategy are:

(i) Energy audit at all levels;

(ii) Time bound programme of 100% metering of all consumers by December 2001;

(iii) Reduction and finally, elimination of power theft within a specified time frame.

(iv) Strengthening/upgradation of sub-transmission and distribution system by taking sub-station as a limit on a priority basis.

If above appears unattainable in the existing Act Corporatisation/Co-privatisation/Privatisationo f distribution would have to be undertaken.